CENTRAL INTELLIGENCE AGENCY REPORT NO. INFORMATION FROM FOREIGN DOCUMENTS OR RADIO BROADCASTS CD NO. COUNTRY COMMUNIST CHINA DATE OF **INFORMATIO SUBJECT** INDICATIONS OF PSYCHOLOGICAL VULNERABILITIES 3 JUNE 1952 DATE DIST. HOW **PUBLISHED** 000 CHANGE TO WHERE UNGLASSIFIED **PUBLISHED** NO. OF PAGES PER REGRADING DATE BULLETIN NO. 24 **PUBLISHED** SUPPLEMENT TO LANGUAGE REPORT NO. DOCUMENT CONTAINS INFORMATION AFFECTING THE MATIONAL DEFENSI THE UNITED STATES WITHIN THE BEARING OF SPRIONAGE ACT SO A. 31 AND 22. AS AMERICADE. ITS TANABLISSION OF THE REVELATION OF CONTENTS IN ANY MARKER TO AN UNAUTHORIZED FERSON IS PRO-CO BY LAW. REPRODUCTION OF THIS FORM IS PROHIBITED. THIS IS UNEVALUATED INFORMATION 25X1A

25X1

SUMMARY

A tendency is apparent, particularly in May Day comment, to make the fading anticorruption drive the foundation upon which to build all plans and propaganda progrems. Whether the drive was satisfactory or unsatisfactory, we cannot escape the conclusion that it shook the economic and social structure to its foundations, and the deliberate effort to convince the Chinese people it has led to a sounder economy and a stronger regime creates a suspicion there may be some doubt even in the minds of the Communist administration. Indications of disruption creep in despite efforts to hide them. State concerns work to revive private industry and get capital that had gone underground back to work. May Day advice to workers mentioned the importance of being "reasonable" in wage and welfare demands, of "eliminating capitalists' worries," and of making friends with the capitalists, denounced so viciously not long ago. Workers were admonished to "recognize the administrative and hiring rights of private firms," in spite of announced plans to place employment of construction workers under strict Government controls. Under the rapidly expanding influence of the Youth Corps, thousands of experienced workers were lost through promotion of loyal anticorruption enthusiasts, and though propagandists talk only of increased efficiency, the loss must be obvious where "5 workers now do the work formerly done by 10."

Indications continue that the boasted price cuts are part of the desperate efforts of State trading companies to distribute goods, while announced wage raises in the Northeast show a need to placate the workers, who now are offered special pay in "isolated job areas where the climate is unhealthful." The sudden revival of references to USSR friendship, and the third acclaim in 2 weeks of Russian technicians on the Chinese-Changchun Railway, may indicate a new realization of the need for Soviet assistance.

The resurgence of landlord influence in Yunnan and Kiangsi, where farmers "refused to cooperate with the new regime," has spread to Sikarg, and special steps, including "distribution of loans and seed," were necessary before Yuman peasants would plant new crops following killing frosts. Special pressures on farmers with surplus grain were resorted to in getting food for East China famine victims. Food production deficiencies in Sinklang were admitted, despite glowing past reports of production miracles there by units of the People's Liberation Army.

		CLA	SSIFICATI	ON	CONFIDENTIAL.				
STATE	X NAVY		NSRB		DISTRIBUTION	T T	T	TTTT	\neg
ARMY	≯ AIR	X	FBI			1	-i	 	_
			Vence	ad E	or Pologoo 2002/40/04		מחסחת חלכ	ANDOFORTAN	ME E

Approved For Release 2003/10/01 : CIA-RDP80-00809A000500740065-6

	25X1A Approved For Release 2003/10/01 : CIA-RDP80-00809A000500740065-6 FOR OFFICIAL USE ONLY
25X1A	
25X1A DATE PUBLISH	ED:
	Contents
	ANTIWASTE, ANTICORRUPTION, ANTIBUREAUCRACY 1
	COMMERCE AND INDUSTRY
	AGRICULTURAL PROBLEMS 5
	MAY DAY CELEBRATIONS
	MTSCELLANFOUS

25X1

ANTIWASTE, ANTICORRUPTION, ANTIBUREAUCRACY

Development of Drive. Chinchow reported (May 3) that on Apr. 28 the local Austerity Committee promoted an anticorruption exhibition, seen by 10,000 persons, which demonstrated the improved class consciousness of the workers as a result of the drive, with 190 promoted out of the 2,200 workers who participated. Among the corruption cases on exhibit were those of hu Ko-ling and Chou Shou-kang, who embezzled funds of Armymen's dependents; Chou Pai-shan, who confessed to corruption reaching 10 million yuan and made restitution of 90 percent in return for leniency; and Li Chang-chung, who was sentenced to 15 years in prison for refusing to confess.

Shanghai said (Apr. 28) that the Shanghai Federation of Labor had held a celebration honoring 1,032 workers who had demonstrated their aggressiveness during the anticorruption drive and had been given promotions, including 500 who were made foremen and 26 made factory managers. Peking reported in numeral code (Apr. 29) that in the third stage of the Five Anti's drive in Shanghai, 600,000 workers in private industry had been mobilized, with "basic victory near." Large lawbreaking businessmen had been broken up into groups by chu Austerity Committees for discussion and confessions, with 74 groups having confessed by Apr. 27. In Hsuwei Chu, where many senior clerks joined in the drive and 100 letters of accusation were received, every firm had confessed. Workers and employers held many "mutual encouragement and discussion meetings," and wrote many letters advising capitalists to confess, with one senior clerk of the Chengfeng Iron Sheet Store publicly destroying a mutual alliance with his employer. Meetings of dependents were called, with Wu Wen-hu persuading his father, owner of the Wufu Medical Appliance Store, to confess "on the spot." Those who have not confessed are "completely isolated." If they continue to held out the inspection teams will proceed.

Yangchow announced (Apr. 30) that local shop clerks had written Mao Tse-tung telling of their achievements in the drive. Feking reported in numeral code (Apr. 28) that Wuhan cultural workers had organized an art and "heatrical group to promote the anticorruption drive, presenting eight short plays, monologues and readings which were "enthusiastically acclaimed by the masses." Kunming asserted (Apr. 30) that local shop clerks had increased their enthusiasm for promotion of the anticorruption drive, with the Hsinhai Equipment Company completing scheduled work on time and workers in the Minfeng Mills increasing production while catching tigers. Sian said (May 3) that a Northwest official told the Northwest China Military and Administrative Committee that "The achievements of our activities during the past 5 months have been spectacular. We should further strengthen the anticorruption drive in order to fulfill our norms for the current year."

- 2 -

Work of Youth Corps. Mukden announced (May 4) that 2,000 active workers in the Mukden anticorruption drive had become Youth Corps members, and that in Harbin 8,000 of the 20,000 youths who participated in the drive were Youth Corps members. Tsinan reported (May 4) that on the third anniversary of the founding of the Shontung Youth Corps, the following members had been cited for their outstanding service: Chang Fu-li, Tsinan Equipment Company; Chin Cheng-kuo, Jenfeng Textile Mills; Chin Ju-chun, Wangtai Alcohol Plant; Ma Hsi-hsiang, Tsingtao No. 1 Cotton Mill; Chung Shou-nien, country school teacher; and Chu Te-lin, Hsu Shui-lai, and Chung Te-hui, farmers.

A Peking home service broadcast (May 4) announced that rites had been held for a Youth Corps member, (King Yao-pin), who had been killed "in the country while tax collecting." Hangehow reported (May 3) that on Apr. 28 the local Youth Corps Committee swore in 302 youths as full members and 67 as conditional members from the ranks of private industry workers. Kuuming said (May 4) that the Kuuming Youth Corps Committee on May Day initiated into membership model youths Wang Tung-chuen and Hua Yu-chi.

Wuhan announced (May 3) that 91 percent of the active elements in the anticorruption drive of Honan Province were Youth Corps members; that 574 members took part in tiger hunting in Manchang; and that two-thirds of the 16,000 Wuhan participants in the drive were Youth Corps members. Wuhan stated (May 4) that 84 youths in various parts of Central and South China had been made Youth Corps members because of their anticorruption drive work, with Yuan Kuo-chi declaring at his initiation that he would "continue to expose corrupt elements until they are all wiped out." In the rural areas of Hupch Province the Youth Corps reported 20,000 members, with 70-90 percent of the rural youths being members also of other organizations. The Central and South China Youth Corps, celebrating its anniversary, gave citations to the following model youths: Kac Ching-ping, Pinghsiang Colliery; Mo Te-yun, Canton native drug trade; Chen Yu-kuo, Kiangsi model farmer, Chiang Wan-chiu, Kwangsi model farmer; Shui Li-cheng, Honan model conservancy worker; Chia Kung-chung, model office worker and tiger hunter; Lu Shou-fan, Kiangsi Grain Bureau accountant and tiger hunter: Hu Han-lin, Kwangsi People's Army hero; Hu Wen-i, model cultural worker who completed a 4-year course in 83 hours; Chen I-chi, model worker in the Central and South China Military Administration; Wang Chi-yang, People's Army veteran who captured 280 bandits and 180 guns; Kao Hsin-lin, People's Army hero; Pa Tung-chuen, Hainan battle hero; and Ku Yung, model instructor of recruits in the People's Army.

Peking stated in numeral code (May 3) that, in Canton, workers Mo Te-yun, Tseng Kuo-chang, Chen Lu-mei, and Ou Chin-hsien of the foreign drug trade in Taiping Chu were the leaders of 40 youths who promoted the anticorruption drive. Among students in Canton, 10,000 from 24 high schools and Lingman, Chungshan, and Ruanan Lienta Universities participated in the drive. Ho Ping, Peiching High School student, persuaded his father to confess to corruption amounting to 1.5 billion yuan; Yu Chieh-ching, Chenkuang Girls High School, persuaded her father to raise his confession of corruption from 200 million to 600 million yuan; and 400 youths in Taiping Chu set up 60 loudspeakers and organized four street propaganda teams to promote the anticorruption drive.

Adjudication and Settlement. Anshan announced (Apr. 30) that the local People's Tribunal held a public trial, settled corruption cases of 100 firms, and passed sentences on merchants Wang Wen-chi, Chang Yung-chi, Cheng Wei-chi, Chao Hui-shan, Wang Chien-chi, Chin Ghi-shan, and Wang Yu-ching. Anshan added (May 1) that at a public trial Apr. 25 leniency was granted to Wang Shan-pao, trade union official who accepted a bribe of 40 million yuan and caused the Government to lose 200 millions, when he confessed and made restitution. Ling Ssu-chi and Tseng Ko-i were imprisoned when they refused to confess, and sentences were passed on 71 other corrupt elements. Dairen reported (May 4) that three corrupt elements who refused to confess were sentenced to prison and three others who confessed granted leniency at a public trial in the Hall of Culture May 2.

Shanghai announced (Apr. 29) that in the third stage of the five-anti-s drive in the city, small law-abiding firms had joined workers in exposing major corrupt elements, with corruption cases of 14,742 firms fully adjudicated and 60,000 small firms having received certificates of legality. At its meeting Apr. 29 the East China Military and Administrative Committee approved a list of chief justices, deputy chief justices, and justices, for 33 People's Tribunals and 14 branch People's Tribunals organized by First Class Government offices to adjudicate corruption cases. Shanghai said (Apr. 30) that in Manking, Apr. 27, 400 firms confessed to corruption, while 1,200 were declared law-abiding and their cases adjudicated. Shanghai added (May 4) that the local Austerity Committee had recently adjudicated the cases of 78,901 firms, had given private capitalists assurances that "they can resume productive activities," and was rapidly winding up the drive. Mangehow announced (May 4)

				2EV11
Approved For Release	2003/10/01:	CIA-RDP80)-00809A000500	1740065/6
Approved to the leader	2000, 10,01.	OIT I TO	000007.00000	,, 1 0000 0

	~	
-	-<	-

that the Hangehow Railway Administration People's Tribunal had granted leniency to the Yung because he confessed and made accusations, but had imprisoned Hoior Hung because he refused to confess to embezzling union funds. Huninen stated (Apr. 29) that in appreciation of the Leniency shown by the Government, local corrupt merchants whose cases had been adjudicated were paying taxes they had evaded and had signed a compact to avoid all new corruption.

Kunning reported (Apr. 29) that the local radio had broadcast a public trial by the People's Tribunal attended by 20,000 persons, when Tseng Li-pang, Public Safety Bureau cadre accused of dealing in opium, bribery, and connivance with counterrevolutionaries, was remanded for further trial because of the seriousness of his case. Who Cheng-i of the Yunnan Trading Company was arrested when he refused to confess to charges of buying spoiled food for the Chinese Volunteers and defrauding the Government of one billion yuan. Li Mien-chien of the Yunnan Metal Works was pardoned when he confessed to embezzling 100 million yuan and made restitution; and Chao Hung-ming of the China Transport Company was pardoned when he confessed to embezzling 500 million yuan and made restitution.

COM ERCE AND INDUSTRY

Gains from Anticorruption Drive. Tsiman asserted (May 4) that in the Chengfeng Oil Company four workers now were doing the work done by five before the anticorruption drive; native drug merchants no longer cheated the public with fake drugs; and private firms treated the workers better. Workers and shop clerks had "asserted the dictatorship of the proletariat by exposing corrupt capitalists and overcoming the hesitancy of the latter to increase production." Hangehow declared (May 2) that in the Yungchiang Textile Mills of Yinhsien, Chekiang, the management had changed its attitude as a result of the anticorruption drive, no longer disregarded suggestions of workers, and recently installed two new machines, at the behest of the workers, to increase production.

Hofei claimed (Apr. 29) that as a result of the anticorruption drive workers in the publicly-owned Hofei Oil Processing Works had "increased their enthusiasm for higher production"; that shop clerks had signed pacts with merchants to increase production through supervision of business operations by workers; and that in the Anhwei Food Bureau the transport section was operating more efficiently and the statistical section had increased the accuracy of its figures. Wuhsi declared (May 3) that worke s in the Changehou beauth of the China Textile Company, Kiangsu, had increased their sense of responsibility, honest young cadres had been hired as inspectors, and since cadres no longer would connive with corrupt merchants to defraud the Government, the company was getting more cloth for its yerm in processing contracts. Wuhan stated (May 3) that operational efficiency in the Pinghsiang Colliery had been greatly improved with the elimination of corrupt elements and the promotion of "active workers."

Chungking asserted (Apr. 29) that "because of the achievements" of the drive, 406 cilometers of the Chungking-Chengtu Railway had been laid, with the railhead now at Chienyang, 99 kilometers from Chengtu. Kunming reported (Apr. 30) that new production records had been reached by the Kunming Power Plant, the Yunnan Textile Mills, the Yunnan Equipment Company, and Factory No. 203 as a result of the "mounting enthusiasm of factory workers in Kunming for increased production" and the elimination of corrupt elements and capitalist agents. Kunming asserted (May 3) that workers in the Yunnan Import-Export Company had so increased their efficiency as a result of the anticorruption drive that five people in the sales office were now doing the work formerly done by 18.

Problems Brought by Drive. Anshan announced (May 4) that the local People's Bank had made numerous loans for purchase of raw materials and wage payments, most of them for 2 months, to firms that had faced financial difficulties as a result of the anticorruption drive. The Yuhsing Ironworks could not finance its March purchase of raw materials for processing contracts, while the Anshan Steelworks received a loan of 500 million yuan for purchase of raw materials. Tsinan reported (May 4) that private textile mills in Tsinan were receiving processing contracts from the China Cotton and Textile Company "under the supervision of workers who have introduced efficient operating methods."

Shanghai announced (Apr. 30) that the Shanghai Federation of Labor held a reception for 1,000 newly promoted workers and eadres "who were given responsible positions because of their good work in the anticorruption drive." Feking said in numeral code (Apr. 29) that the Shanghai Austerity Committee had called meetings of workers to urge them to promote production "with the same enthus asm" they showed in the anticorruption drive. In the Yungta Dyeing and Weaving Works, the Changeheng reneal Fredery, and the Tahsin Weaving Works, workers had signed contracts with management "to help in the resumption of normal operations,"

			i	25X1A
Approved For Release	2003/10/01 •	CIA-RD	ND&O_OO&OO	Ი ᲜᲘᲘ <i>₱₦</i> ₭ስዼ፟፟፟፟ጟዼ.
Approved i di Release	2000/10/01.			00001 40000-0

- 4 -

with factory owners bringing out "materials they had stored away in order to begin production." Hangehow said (Apr. 29) that the Chekiang branch of the Chins General Merchandise Company had called a meeting of managers "to discuss ways of increasing business," and instructed all tiger hunting teams "to divert their efforts to normal business operations," as "normal business operations were seriously disrupted with elimination of calres accused of corruption."

Wuhsi reported (May 3) that the South Kiangsu General Merchandise Company had by mid-April increased its processing orders with private firms to 250 percent of those for March "in order to sustain private industry." Shanghai said (May 1) that in the Wuhsi Textile Mills Hu Ling-seng and Chen Ying-fa, "who took an active part in the drive," had been made assistant factory managers, with Tai Hsing and Chen Ju-ken given shop promotions. Wuhan announced (May 3) that 5,000 of the 20,000 local workers who participated in the drive had been appointed to responsible positions in the Wuhan trade unions, while in Changsha, Hunan, 990 of the 4,000 workers who took part in the drive had been promoted in Government and private enterprises and workers unions.

Costs, Prices, and Wages. Chinchow stated (Apr. 29) that because of greater productive efficiency and reduced costs, the Chinchow branch of the China General Merchandise Company had reduced prices on 480 items, with sales of daily necessities almost doubled. Chungking claimed (Apr. 29) that the Chungking branch of the China General Merchandise Company had reduced prices on 1,600 items, as a result increasing the sale of towels 51 percent, socks 25, soap 94, and underwear 97 percent, "thus again demonstrating the rising living standards of the workers."

Shanghai broadcast (Apr. 30) market quotations for the East China cities of Tsinan, Tsingtao, Nanking, and Hangchow. Tsinan reports showed a drop in cigarette prices from 17,600 yuan Apr. 24 to 16,900, about 4 percent, while Hangchow reported a drop in tung oil of 2 percent, from 508,000 yuan to 498,000, and an increase in newsprint prices of 0.9 percent. All other quotations remained the same as on Apr. 24.

Peking asserted in numeral code (Apr. 28) that in the State enterprises of the Northeast wages were increased 10 percent in the shops and 8 percent in other departments during April, while during the year the Northeast Government would inaugurate a system of allowances for technical skills, term of service, and job area, "thus encouraging workers to improve their technical skills and compensate or mine and factory workers in isolated job areas where the climate is not healthful." The monthly wage scale for mine and factory workers in the Northeast already was 252.6 percent of the 1948 figure, while the greatly improved welfare facilities included 12 workers' sanitoria, 120 factory rest homes, 209 day nurseries, 1,729 libraries, 4,000 workers' clubs, cheap dining halls and bathhouses, improved athletic and public health facilities, and food bonuses for above-quota production.

Plans and Improvements. Mukden announced (Apr. 30) that in order to assure the success of construction projects in the Northeast the Changchun Government had created a central control office for construction workers. All workers were required to register and be allocated to jobs through this office, with all employers required to secure workers only through the office, under threat of severe penalties. Workers in the shops of the Mukden Trackless Trolley Company completed a new trackless trolley in 77 days, receiving 4 million yuan in bonuses as a result.

Shanghai reported (Apr. 30) that local authorities had undertaken the construction of 21,000 new housing units to care for 100,000 persons, and had organized a Workers' Housing Construction Committee with Tseng Shan as chairmen and Liu Hung-seng and Chang I as vice chairmen. In the Hoyang District the Hoyang Villas were being built with 1,000 units completed, including workers' hospitals, and clubs, with public baths and dining halls soon to be added. Hangchow said (Apr. 30) that the Hangchow Government had announced plans for construction of 1,000 workers' dormitories, three health clinics, and distribution of 200,000 catties of food to unemployed workers. Sian stated (May 3) that the Northwest Military and Administrative Committee had sent congratulations to the Northwest Engineering Bureau because of its promise "to extend the railway to Lanchow by the end of the year."

Peking stated in numeral code (Apr. 28) that the Chinese-Changchun Railway had adopted 130 Soviet methods of railway administration and 1,960 rational proposals of workers, saving the shop section alone 17,982,900,000 yuan last year, and held 3,400 workers' meetings to study Soviet techniques. "Under the personal direction of Soviet advisers, workers on the Chinese-Changchun Railway have established many operational records." Among the Soviet

Approved For Release 2003/10/01: CIA-RDP80-00809A000500740065-6

- 5 -

immovations recently introduced were the Li Hsi-kuei method of dispatching trains; the Lu Ning locomotive maintenance method; the rotation system of locomotive maintenance and repair; the Neivedov method of road meintenance; the Verdlov winter road maintenance method; the consolidated telephone system; the Yermikin method of train car inspection; and the Kovalev work technique.

Peking added in numeral code (May 3) that Soviet technicians on the Chinese-Chungchan Railway had trained 16,300 in techniques of Soviet administration, so that the railway had become a model of high efficiency and low-cost operation, with 29,000 workers enrolled in spare-time training classes under Soviet instructors. The yard section adopted 14 progressive Soviet techniques at a saving of 10.5 billion yuan. The energy of Soviet technicians was demonstrated by Semenov, chief engineer who fainted because of cold and overwork while giving a lecture, and who insisted on continuing the lecture after he was revived, "considering the training of Chinese cadres more important than his health"; and of Yureshev, who continued his lectures in spite of sickness and trained 6,000 cadre in the wage-time system.

Weaknesses and Shortcomings. Mukden reported (Apr. 30) that the Northeast Government had issued a directive Apr. 28 on the "importance of strict observance of office hours by cadres in Government offices." Peking said in numeral code (Apr. 29) that because of heavy rains water had piled up at many places on the Huai River project and hindered operations. In the Fuyang Special District of Anhwei the water was one meter deep, while in Mengcheng Hsien, where there was a shortage of draining equipment, 18,000 workers used 3,000 gourd ladles to drain the flooded area in 3 days. At the Futzuling Reservoir the water pumps failed to work until they were repaired by technicians.

Kunming reported (Apr. 28) that the Kunming Tax Bureau had issued a warning to businessmen that 80 percent of their taxes for the first quarter of 1952 were due and must be paid, the balance to be paid in July. Chungking said (Apr. 30) that the Southwest Department of Trade had ordered cadres "to sell more goods and make less profits" in the China Native Products Company, as sillions of yuan were tied up through improper management credited to "capitalist thought among the cadres" and "inefficient coordination between various trading centers."

Peking reported in numeral code (Apr. 28) that the "feudalistic system of bosses over workers on construction jobs" had forced the Tientsin Government to set up a system of unified control, with all carpenters, tilers, and masons forced to register at local control offices and be allocated through the offices. Private and public employers would in the future be compelled, under threat of severe punishment, to hire workers only through these control offices, and in cases of delay the workers would receive 75 percent of their pay. The workers had demanded such control offices following exposures of corruption.

AGRICULTURAL PROBLEMS

Land Reform. Shanghai stated (May 4) that "broad land reform programs" were being carried out on both banks of the Huai River in northern Anhwei. Tsinan said (May 4) that workers at the State-operated Kuangpei Farm this month started the use of tractor-powered multiple gang plows and cowing machines. Sian stated (May 3) that at the meeting of the Northwest Military and Administrative Committee Apr. 29 delegates of national minorities "welcomed the decision of the Government to implement land reform in the minority areas."

Nanchang amounced (Apr. 28) that cadres in Hutu Hsiang, Yukan Hsien, Kiangsi, had been ordered to correct the thinking of the peasants, "who had refused to cooperate with the new regime" because they felt they had not received their just share of confiscated assets. The peasants organized mutual-aid teams but took no part in community meetings, feeling that "such meetings were a detriment to production." Nanchang reported (Apr. 30) that cadres in Poyang and Tunghsiang Hsien, Kiangsi, had been warned "to take a serious view of the resurgence of power smong the landlords," as Hu Chi-yuan burned his assets before they could be distributed to the peasants; Tseng Hsin-mao seized farm tools allocated to farmer Fang Chen-yuan and burned them; Tung Ming-yuan threatened peasant Kho I-lien with reprisals for taking his tools; and village Militia Chief Chen Chun-wu was threatened with death when he confiscated landlord assets.

Chungking stated (Apr. 30) that in Jungching and Yaan Hsien, Sikang, landlords had obstructed the spring farming program by delaying plowing and destroying irrigation facilities, and threatened that they would come back into power as a result of the anticorruption drive. Local cadres had been warned to exercise strict surveillance over landkords. Chungking

Approved For Release 2003/10/01: CIA-RDP80-00809A000500740065-6

- 6 -

reported (May 3) that in Puyang village, Hsifeng Hsien, Kweichow, one landlord let the water out of the peasants' irrigation ditches, while several landlords had been arrested in Kweichow on charges of setting fire to forests and houses and wrecking irrigation systems.

Weaknesses and Failures. Shanghai reported (Apr. 29) that cadres in East China, where pests were endangering 200,000 mon of wheat, had been ordered to "overcome the fatalistic attitude of the farmers and teach them pest-control techniques." Hangehow stated (Apr. 29) that the People's Government of Sammen Hsien, Chekiang, had organized a pest-control office, and was giving indoctrination courses to 249 cadres on the use of insecticides and the political importance of pest-control work. Hangehow added (Apr. 30) that in Shunan Hsien the Production and Drought Control Committee had set up an insect-control office to direct work in extermination of caterpillars, which now were spreading among paddy fields and endangering production targets. Hangehow said (May 3) that the Chekiang Government had ordered local Governments and local cadres to appoint personnel to implement the preferential treatment program, which should include organizing the dependents of Armymen, aiding them in productive work, and giving them priority in farm loans and fertilizer allocations.

Anshan announced (Apr. 29) that Chu 4 cadres had been instructed to strengthen their leader-ship in afforestation methods, as recent forest fires had resulted in the loss of 30,000 trees. Chinchow reported (Apr. 29) that in Chinhsi Hsien, Liaosi, cadres called a meeting of famine sufferers and peasants with surplus grain to explain the Government attitude arrange for grain loans to the starving families. Peking reported in numeral code (May 2) that inspections by 24,000 cadres in Liaosi, Kirin, Liaotung, and Hsien, Kirin, some peasants were starving while others had surplus grain. Meetings were called to arrange loans for the destitute farmers, and Minister of Agriculture Th Che-heng attempted personally to correct the mistaken notion that "fertilizer cannot be increased because of the nonexistent sources of supply." Tsinan stated (May 4) that in Chaoyuan Hsien, Shantung, better care for exen had resulted in an increase in number of 376, making a total of 12,240 head.

Chungking asserted (Apr. 30) that the danger of spring famine and drought in the Southwest was ended, as cadres had organized 10 million persons in 38 hsien to fight drought. Kunming stated (Apr. 28) that farmers in Fenbyi, Malung, Imen, and Wuting Hsien, Yunnan, accepted destruction of the bean and wheat crops by frost "as their fate," and did not plant new crops until cadres changed their thinking by indoctrination meetings and "distributed loans and seed." Peking said in numeral code (Apr. 29) that in Hami Hsien, Sinkiang, an attempt was being made to increase the arable acreage, as the 95,000 mou cultivated by the Kazakin, Uighur, Moslem, and Chinese farmers had not supplied enough food to last the population for a year.

MAY DAY CELEBRATIONS

Anticorruption Drive. Mukden (May 2) quoted from a LO TUNG JTH PAC editorial on May Day which urged workers to 'utilize their achievements" in the anticorruption drive to "begin a production and economy drive." Kunming reported (May 2) that in May Day celebrations workers in the Yuanfeng Tronworks completed their scheduled work "while helping inspectors check on the management." Kunming clerks promised to "round up major corrupt elements without hindering production."

Wuhan (Apr. 29) quoted the Wuhan Federation of Labor as calling upon workers in State enterprises to celebrate May Day by "eliminating bureaucracy and corruption, seeking a satisfactory solution to worker-management relations, and strengthening their ideology of working class leadership in the Nation's economic fields." Workers in private enterprises were told to push the saticorruption drive to a successful finish "by repulsing the advances of capitalists and strengthening their determination to seek restitution from corrupt elements." Both groups of workers were praised for their work in the anticorruption drive and warned to "clean out corruption in their own unions." Wuhan (Apr. 30) quoted the 50 slogans issued by the National Committee of the Chinese People's Political Consultative Conference, including several which repeated the themes of the anticorruption drive.

Peking in numeral code (Apr. 30) quoted from the May Day editorial in the Peking KUNG JEN JTH PAO, which called upon workers to "cooperate with capitalists in developing production in order to strengthen the Nation's economy," and urged them to "eliminate the capitalists' worries" by being reasonable in wage and welfare demands and remembering that demands that are too high, "and the slackening of discipline," affect the growth and restoration of trade, "thus giving the capitalists an excuse to attack the working class." It was pointed out that, though workers were duty bound to keep watch over the capitalists, "yet they should not make note of this in the firms' processing or workers' contracts," and should

- 7 -

respect the "ownership, administrative, and hiring rights of the firms," as well as "educate new cadres and active elements on how to deal with the capitalist class correctly."

Miscellaneous Themes. Mukden (May 4) quoted the TUNGPET CHINGNIEN PAO May Day editorial as calling upon young workers to promote the anticorruption drive and increase production, young farmers to organize mutual aid teams and strive for high production, and students to study Marxism-Leninism and reform their own thinking and that of their teachers by wiping out bourgeois thought. Nanchang reported (Apr. 30) that workers in the Nanchang Power Plant greeted May Day by completing installation of a power generator to benefit industry. Kunming announced (Apr. 28) that local buses would welcome May Day by reducing fares Apr. 29-May 5. Hangchow announced (Apr. 30) that lawless elements creating disturbances during May Day celebrations would be severely punished; that traffic would be under strict controls, with only traffic bearing May Day Committee passes allowed to proceed; and that in case of air raid alarms everyone would be required to obey orders of air wardens.

Shanghai announced (Apr. 30) that all units of the People's Liberation Army stationed at Nanking heard a report by Tang Liang of the Propaganda Department on steps to strengthen National defense and "modernize the Nation's Armed Forces." Shanghai's CHIEH FANG JIH PAO greeted May Day with an editorial on "the great friendship between China and the USSR," calling upon the Chinese people to build a strong Nation by emulating the USSR. Shanghai Communist Party and labor leaders held a rally Apr. 29 honoring 1,000 model workers and progressive cadres of the anticorruption drive who had been promoted to positions of leadership. Party Committeeman Lo made a May Day speech praising the policy of promoting workers, and two newly promoted factory heads, Li Chi-hsien and Chen Yao-ying, spoke on the determination of the workers to overcome all difficulties in supporting to Tse-tung's policies.

MISCELLANEOUS

National Minorities. Peking announced in numeral code (Apr. 30) that on the fifth anniversary of the founding of the Inner Mongolia Autonomous Area the Central People's Government sent a delegation under Peng Tse-min to extend felicitations, which was welcomed at Kalgan by Government and Communist Party officials. Peking added (May 4) that at the time of the formal celebration the Inner Mongolia Government sent messages to Chairman Mao, Premier Chou En-lai, and the People's Liberation Army promising to support the anticorruption drive and work for increased production and austerity. Peking reported in numeral code (May 3) that 70 percent of the membership of the 471 Youth Corps groups in Sinkiang consisted of Uighurs, Kazahks, Tajiks, Mohammedans, Mongolians, and so forth. In Chingho, Ninghsi, and Polo Hsien cadres supported the production and austerity program; cadres in Sufu Hsien taught farmers to prepare and use fertilizer; and in Chinsi Hsien the preferential treatment program had been carried out. Chungking said (Apr. 29) that small delegations of minority groups from Sikang and Kweichow had arrived in Chungking, for the athletic meets.

Vacation Awards. Shanghai stated (Apr. 29) that the South Kiangsu Federation of Labor held a rally Apr. 27 in honor of nine model workers who had been given vacations at the workers' sanitorium in Tsingtao, when the honored workers braised the People's Government for taking "such great solicitude in the welfare of the Nation's workers." Hangchow announced (Apr. 30) that the Chekiang Federation of Labor had presented workers Hu I-tien, Lu Fu-an, Jen Ping-hsieh, and Yu Ping-ju with vacations at the China Federation of Labor sanitorium in Tsingtao, and would select others for the awards later.

Germ Warfare. Peking announced in numeral code (May 4) that two American Air Force officers shot down and captured in Korea Jan. 13 by Chinese Volunteers had made complete and detailed confessions concerning American use of bacteriological warfare. The entire transmission of shout 14,000 words was given over to the confessions. Kunming reported (May 4) that 1,000 local grammar school teachers would be required, starting May 10, to attend a course of lectures at Yunnan University on antigerm warfare under the auspices of the Kunming Department of Health.